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SUBJECT: DESPITE POTENTIAL HICCUPS, PRC PUSHES FOR IMPROVED

JAPAN TIES

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Classified By: Minister Counselor for Political Affairs Aubrey Carlson. Reasons 1.4 (b/d).

Summary

11. (C) In the wake of Japanese PM Abe's September 12 resignation, his earlier cabinet reshuffle, landmark August visit to India and multilateral naval exercises, Embassy contacts underscored China's continued desire to improve China-Japan relations. Neither Abe's resignation nor his recent cabinet reshuffle will impact the warming "trend" in bilateral relations, MFA officials said. Chinese contacts did express concerns about Abe's remarks to the Indian Parliament calling for the creation of an "Arc of Freedom and Prosperity" in Asia and subsequent naval exercises in the Bay of Bengal. However, the Chinese government did not share its views with the Japanese Embassy in Beijing. Both Japanese and Chinese contacts emphasized the PRC government's effort to move the relationship forward, despite some challenges posed by Chinese public opinion. A Yasukuni shrine visit would be, and the East China Sea issue could be, a stumbling block to warming ties. End Summary.

Views from Beijing on Abe's Resignation

12. (C) MFA Asian Affairs Department Japan Division Second Secretary Liu Hong predicted to Poloff on September 12 that

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PM Abe's resignation will not have a major impact on bilateral ties. Warming relations have already become a "trend," and barring a major development there "will not be a fundamental change" in the relationship. When asked about a possible replacement, Liu cited media reports suggesting former FM Taro Aso may take over. University of Shizuoka Professor Hajime Izumi, participating in a seminar in Beijing on China-Japan relations, told Poloff on September 12 that the Chinese Communist Party Central Committee International Department (CCID) officials expressed "shock" at Abe's decision to resign. However, Izumi said, both he and his CCID interlocutors believe that warming bilateral relations will continue even without Abe. (Note: Izumi speculated that the timing of Abe's resignation was due to a serious stomach ailment.)

13. (C) Peking University Professor and Japan scholar Liang Yunxiang agreed on September 12 that Abe's resignation would not have a major influence on bilateral ties. Abe's resignation was not unexpected, Liang said; the possibility existed since the LDP's upper house loss. Aso's selection would not in itself have a positive influence on the relationship given Aso's conservative credentials. Liang said Abe was probably a bit better for Sino-Japanese ties,

but Abe and Aso have similar political views. Like Abe, Aso is a realist. In Liang's estimation, Aso will probably not visit Yasukuni Shrine. China Foreign Affairs University Japan Policy Studies Director Zhou Yongsheng agreed, saying Aso would be a "little worse" than Abe for Sino-Japanese ties, but can also be expected to "take a realist road." Whoever is the next prime minister, Liang said, will probably be invited to China this year, provided the new leader does not visit Yasukuni.

Selective Restraint

- ¶4. (C) Other recent events that had the potential to derail warming ties were met with Chinese restraint. Japanese diplomats told us they were surprised that China made no formal remonstration after Abe's visit to India, particularly following his remarks to the Indian Parliament calling for the creation of an "Arc of Freedom and Prosperity" in Asia. Japanese Embassy First Secretary Akira Yokochi told Poloff on August 22 that there was also no reaction from the Chinese on the quadrilateral relationship ("Quad") developing between India, Japan, Australia and the United States. He emphasized the "calm attitude" of the PRC leadership in this 35th anniversary year of the Japan-China relationship. Counselor Namazu said separately that on August 29 there has been no direct response from the Chinese on either the India trip or the naval exercises between the United States, Japan, Australia, India and Singapore. He did remark to us on September 7 that Indian PM Singh told Abe of Chinese pressure on the "Quad" i ssue.
- 15. (C) MFA Asian Affairs Department Japan Division Deputy Director Lu Guijun told us on August 30 that he was hesitant to comment on Abe's trip to India, saying only that "China

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paid close attention" to the visit. He referred Poloff to the MFA spokesperson's comments on Abe's visit with the son of deceased War Crimes Tribunal Justice Pal (Ref A). (Note: Pal was a dissenting judge in the war crimes trials that convicted Japanese leaders after WWII.) Asked about the "Quad" issue, Lu replied that cooperation has been the trend in East Asia, and all parties are working hard to increase cooperation. He hopes that counties will not engender "estrangement" or "misunderstanding." Japan's "Arc of Freedom and Prosperity" represents "Cold War thinking" and is not beneficial to mutual trust or China-Japan relations, he stressed. Military exercises should benefit regional stability, and China does not want other countries' military cooperation to influence its own relationships. China has not "judged" whether the "Quad" will do that or not, but the PRC hopes that it will not. China will continue to monitor the situation, Lu said.

16. (C) China Foreign Affairs University Japan Policy Studies Director Zhou expressed concern about the quadrilateral relationship, stating that the grouping is meant to encircle, constrict and isolate China. While the "Quad" professes it is "counterterrorist" in nature, it is actually aimed at China, he claimed. Japan's proposed "Arc of Freedom and Prosperity" is meant to encircle the DPRK, Russia and China. Japan wants to isolate China because it fears a strong China. On the other hand, Peking University Professor Liang said China is sensitive to talk of the "Arc of Freedom and Prosperity," but most Chinese do not think it is realistic. He stressed that Japan does not have the same ability as the United States to organize such a multilateral group. If the United States were more actively calling for the "Quad," that would push China closer toward Russia, he said.

No Reshuffle Kerfuffle

Japanese Cabinet reshuffle also will not impact warming bilateral ties. Abe's choice of ministers "would not change" Sino-Japanese relations, MFA Asian Affairs Department Japan Division Deputy Director Lu Guijun told us on August 30. Both sides will continue to take measures to improve the relationship, he said. Japan expert Zhou said that new Japanese Minister of Foreign Affairs Machimura opposed former PM Koizumi visiting Yasukuni Shrine during his last tenure as foreign minister. The new Minister of Defense Komura "understands China," he added. Japanese Embassy Counselor Hiroyoku Namazu told us on August 29 that he believes the new foreign minister will be influential and capable. He is "more of a realist than Koizumi," Namazu stated, referring to Machimura's August 27 pledge that he would not visit Yasukuni so long as he is foreign minister.

China Desires to Improve Ties, Nurture Public Opinion

- ¶8. (C) Japanese Embassy First Secretary Yujiro Hayashi noted on September 6 that China is keen to improve the bilateral relationship and is trying not to upset it. Many issues from previous years are not coming up this year, he said. In Yokochi's estimation, China seeks to improve relations with Japan within the framework of a larger "all-directional" diplomatic policy. China wants productive relations with all countries because it needs to concentrate its resources on crucial domestic issues, such as the 17th Party Congress, the Olympics and the Shanghai Expo. China's decisions, therefore, will necessarily have its domestic constituency in mind, he said.
- ¶9. (C) Japan expert Zhou said that most young Chinese "hate Japan." However, since Abe took office, Beijing has begun touting positive aspects of Japan to overcome these negative feelings. Chinese public responses to Abe's visiting Justice Pal's son and offering a small tree to Yasukuni were "low key." Zhou estimates that the government will not overly propagandize issues like these. He suggested that China may even put more Japanese television shows and movies on the air to improve public opinion. Beijing is being careful in its reaction to events like the Quad and Abe's trip in the hope of changing Japanese views of China, Zhou said. China particularly wants to counter fears of the "China threat" in Japan. This was the primary intent of Minister of National Defense Cao Gangchuan's recent trip to Japan, he noted. However, the Japanese government's actions can also influence Chinese public opinion, Zhou cautioned, stressing that a visit to Yasukuni would cause problems.
- 110. (C) Professor Liang said China has made a strategic decision to improve bilateral relations with Japan. China will cooperate irrespective of who is the prime minister of Japan as long as the new leader does not visit Yasukuni

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Shrine. Regardless of whether the two countries have political differences, a close and deep economic relationship is developing, he stated.

East China Sea

111. (C) In addition to a Yasukuni visit, the territorial dispute in the East China Sea could also sink warming bilateral ties, some of our contacts reported. (Note: Counselor Namazu confided to Poloff that a date for the next round of talks has not been announced, but they will likely take place on September 21 in Beijing. MOFA DG Kenichiro Sasae will lead the Japanese delegation.) First Secretary Yokochi told Poloff that while he is pessimistic about a quick resolution of the issue, he believes the two countries' leaders may be able to settle the dispute politically. He did not believe this could be achieved in talks at the director general-level, though. Hayashi said the East China Sea issue is the major bilateral issue to be resolved, a

sentiment also expressed by Professor Zhou. Zhou predicted that bilateral relations could worsen if resolution proves problematic. Liang was more optimistic, saying a breakthrough is possible because both sides agree in principle on a way forward. Echoing this view, Professor Izumi noted that both countries believe this issue is manageable and recognize that reaching a final resolution will take time. Randt